

Mahdlo (Oldham Youth Zone)

(a company limited by guarantee
and not having a share capital)

**FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017**

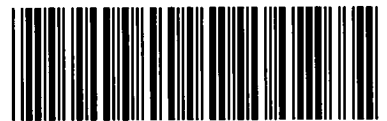
Company number: 06946098

Registered Charity Number: 1134427

WRIGLEY PARTINGTON

Chartered Accountants
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

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COMPANIES HOUSE

Mahdlo (Oldham Youth Zone)

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Mahdlo (OldhamYouth Zone)

Reference and Administrative Information

President: Sir Norman Stoller CBE KStJ DL

Trustees at date report approved: William Lees-Jones
Terry Flanagan
John Ainley
Kashif Ashraf
Dave Benstead
Stephanie A Bolshaw
Carol O'Hare
Lindsay Walsh
Janelle M Barker
David R Whaley
Kathryn A Morley (appointed 22.08.16)
Christopher Wareing (appointed 21.09.16)
Anthony H Spencer (appointed 21.09.16)
Stephen T Hill (appointed 21.09.16)

Chief Executive: Michael Doran

Registered Office: Egerton Street
Oldham
OL1 3SE

Business address: Egerton Street
Oldham
OL1 3SE

Auditors: Wrigley Partington
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Bankers: Natwest
10 Yorkshire Street
Oldham
OL1 1QT

Company number: 6946098

Registered Charity number: 1134427

Mahdlo (Oldham Youth Zone)

Trustees Report for the year ended 31st March 2017

The Trustees, who are also Directors for the purpose of company law, present their report and the financial statements of the charity for the year ended 31st March 2017. The provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP (FRS102)) have been adopted in preparing the annual report and financial statements of the charity.

Objectives and Activities

The charitable objectives as set out in the Memorandum and Articles are "to help and educate children in the North West of England through their leisure time activities by promoting their full physical and spiritual potential in order that they may grow to full maturity as individuals and members of society and that their conditions of life may improve".

Our mission is "To deliver high quality activities and experiences for young people from Oldham aged 8-19 (25 with a disability) to enhance the quality of their lives and provide support services for those who need additional help to achieve their potential"

We achieve this through our 6 programme areas:

Get Active – Young people's participation in a wide range of sports and physical activities at a 'try, train or team' level that promote good health, fitness and build self-esteem.

Get Creative –Utilising the specialist dance studio, music room and media suite young people can engage in a broad range of arts and media opportunities that develop creativity skills and confidence.

Get Outdoors – We give young people the chance to get out of their usual neighbourhood, experience outdoor adventure and reconnect with the environment promoting confidence, teamwork and social skills.

Get Sorted – Young people are able to access support around personal health and wellbeing issues. We link with existing services in the town to ensure we are supporting young people to access the information advice and guidance they really need. Through one-to-ones and group workshops we promote healthy minds, lifestyles and positive choices.

Get Ahead – We recognise that getting the right skills and support is key to getting ahead. With the help of partners and local businesses our team support young people to get on the right path for the future.

Get Connected – We want young people to play a real role in the running of Mahdlo and to have a clear and coherent voice in the wider community. We support them to be more connected through community projects and volunteering opportunities that promote citizenship and leadership skills.

The activities of the charity are undertaken to further its charitable purposes for public benefit and, in shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance "public benefit: running a charity (PB2)".

The provision of a high quality facility for young people responds to a clear, ongoing demand from young people, parents and the wider community for more and better places for young people to go. Our universal services, mainly based around our Get Active, Get Creative and Get Outdoors offer, are open to all young people in Oldham. For those experiencing disadvantage or needing additional support we offer additional targeted services. Short term outcomes are happier young people making healthier choices with increased social skills, achievements and enhanced aspirations. This has the wider impact of improved health and wellbeing, reduced crime, enhanced learning and employability and greater community cohesion.

Structure, Governance and Management

Mahdlo (Oldham Youth Zone) is a charity and a company limited by guarantee without share capital. Mahdlo is registered under the Companies Act 1985, registration number 06946098. The company is governed by its Memorandum and Articles of Association, dated 27th June 2009. Management of the company's affairs is vested in the co-directors.

In the event of a winding-up, the present members and those who have ceased to be a member within one year of such an event have guaranteed the liabilities of the company to the sum not exceeding one pound each.

Organisational Structure

Mahdlo is governed by its board of Trustees which retains overall responsibility for the strategic direction and the policy of the organisation. The Trustees carry the ultimate responsibility for the conduct of Mahdlo and for ensuring that the charity satisfies its legal and contractual obligations.

The Board approves the strategic plan and annual Business Plan and scrutinises business performance including financial performance as well as providing advice to the Chief Executive on operational matters of importance.

A Chief Executive is appointed by the Board to manage the day to day operations. To facilitate effective operations the Chief Executive has delegated authority as approved by the Board for operational matters including finance, human resources and operational delivery allowing the Chief Executive to support the Board in developing and delivering strategy and ensuring the agreed Business Plan KPI's are met.

The senior management team has a range of qualifications and experience including Accountancy, Youth Work, HR and Facilities management. The Board agreed the structure during annual Business Planning and are required to approve any substantial changes to the Senior Team.

All salaries are benchmarked by a retained independent HR specialist against other Youth Zones, Local Authority and the local labour market. The board agrees all pay increases as a result of cost of living during the Business Planning cycle. Any new post created at any level requires CEO, HR and Finance approval. Senior posts would be agreed by the Trustee with HR portfolio prior to presentation to Board.

All posts are subject to interview and are advertised internally and/or externally.

Mahdlo is part of the family of youth zones established by Onside. The CEO of Onside operates as a Trustee on the Mahdlo Board ensuring a strategic communications link exists between Mahdlo and Onside.

Onside may offer good practice advice and financial support through its fundraising activity but all Policy and Procedures within Mahdlo are developed internally using independent professional and legal expertise when required and are approved by the Mahdlo Board.

Onside does not have any form of legally binding agreement with Mahdlo which would result in it exerting any control over Mahdlo business without the express approval of the Board.

The Board of Trustees

The Board comprises 14 Trustees including the Chair and a President. Individual Trustees hold portfolios relevant to their professional backgrounds and interests. These include Finance, Fundraising, HR, Safeguarding and Facilities management.

Trustees can be nominated for a fixed or indeterminate period of time. One third of the Directors will retire by rotation at each Annual General Meeting. Retiring Directors can be reappointed.

The Trustees meet on a monthly basis.

Recruitment and Appointment of Trustees

New trustees will be recruited according to the needs of the charity and the suitability of possible candidates. The unanimous approval of existing Trustees would lead to their appointment.

The Memorandum and Articles of Association state that the number of members shall have no maximum and shall not be less than three.

Full details of the rules are contained in the company's Memorandum and Articles of Association which may be inspected at the registered office.

Induction of Trustees

Newly appointed trustees are provided with a comprehensive induction to Mahdlo through the provision of in-house training. This includes key information about the organisation and its development, governance and safeguarding. Annual strategy reviews are undertaken by Board and individual appraisals between Trustees, the Chair and Chief Executive have been implemented to develop Board capacity.

Financial Review

The deficit for the year of £85.7k is after charging fixed asset depreciation of £108.4k. The balance sheet at the end of March has net assets of £4.5m with net current assets of £457k. Unrestricted cash funds were £505k (this is the cash balance less deferred income) which covers 4.6 months of core operating cost excluding project related expenditure. Given the nature of the operations, the Board of Trustees considers it prudent to continue to build on the level of unrestricted reserves to cover a longer period of running costs and to accommodate any future exceptional repair and maintenance costs as the building ages. Income for the year of £1.95m included £917.6k of restricted project funding with the balance of £1.04m unrestricted income being received from our patrons programme, local authority and other fundraising activities. Further details of the funding sources are shown in notes 2 to 6 of the financial statements.

The restricted project funding supports the Charity's key objectives of supporting young people in all aspects of their lives. Specific projects have outcome measures dependent on the funder's criteria and the purpose of the project eg mentoring.

The unrestricted funding includes service level agreements with the local authority which require specific performance metrics including membership and usage numbers.

Risk Management

The Board fully accepts its responsibilities under the Charity Commission's Statement of Recommended Practice (SORP). The Trustees have considered the major risks to which the charity is exposed and are committed to ensuring these are effectively managed.

The Chief Executive and senior managers have undertaken comprehensive risk assessments and established risk registers from an organisational and operational perspective and have established suitable risk management and control procedures which are reviewed regularly by the Board.

Key risks to the organisation include Financial, Reputational, Regulatory and Operational.

The Risk Register is updated quarterly and reported to Board with major risks highlighted and control measures discussed. Comprehensive financial accounts including cash flow, I&E and the Balance sheet are reported to Board monthly.

The Key financial risks relate to funding shortfalls and uncontrolled expenditure. As with most charities developing sustainable funding streams in order to deliver Mahdlo's objectives is of paramount importance. The overall strategy is to balance restricted funding from specific projects and grants with unrestricted funds primarily from Patrons, Donors and fundraising events. In the longer term a key objective is to develop commercially viable income streams which will underpin core delivery.

Expenditure is tightly managed with operational managers responsible for budgets relating to their operational responsibilities. Staff costs comprise 60% of expenditure with establishment costs monitored and managed by the CEO and the senior management team using the organisations centralised staff management system.

Regulatory risk is the responsibility of the CEO, Finance manager and Facilities manager who manages Health and Safety and Fire and other statutory risk areas. The Board are appointed and reviewed within the context of Charities Commission guidelines and new regulatory judgements will be reported to Board as required.

The key operational risks are managed through operational risk planning with a clear hierarchy of responsibility. Specific procedures exist to manage Safeguarding and Health and Safety.

Reserves Policy

The Board of Directors of Mahdlo has established a reserves policy, in compliance with which it will annually review both the sum it wishes to hold in reserve in the unrestricted budget and the basis for that figure. The Directors continually strive to manage the charity's finances so that an adequate level of reserves can be maintained in compliance with the reserves policy.

- Reserves to be maintained at a level which ensures that at least 3 months of the organisation's core activity could continue during a period of unforeseen difficulty.
- That these reserves are readily realisable unrestricted reserves and are in addition to funding the fixed assets.

This level of reserves has been agreed on for the following reasons:

- To provide working capital to allow for retrospective funding and the associated time difference between expenditure and receipt of funds.
- Mahdlo's income sources (particularly the Patrons programme and fundraising activities) are vulnerable to changes in the economic situation and any notice period for loss of major donors could be relatively short.
- To support new service development to enable Mahdlo to be responsive to beneficiary needs and to facilitate improvements to the operational running of the organisation.
- To ensure that the building can be kept fully functional, well equipped and in a good state of repair and remains a major attraction and asset.
- To invest in staff and volunteer training and development to ensure quality of service delivery.
- To enable Mahdlo to meet its delivery commitments without interruption in times of economic hardship.
- To be seen as a responsible charity by the Charity Commission, our Funders, partners and the community that engage with Mahdlo.
- To avoid the creation or retention of unnecessary surpluses for which there is no planned requirement in line with the organisation's charitable aims.

Due to the type of funding Mahdlo can and is likely to access can take up to 6 months to secure there is a need for a longer term policy to increase reserves to an appropriate amount of working capital to fund these time delays. This will be achieved by:

- Developing a funding strategy that enables forward planning of income generation including targets over and above immediate running costs.

- Prioritising fundraising activities and events and ensuring a continual focus on fundraising not just in times of need.
- Appropriate accounting, including building into budgets, accounts and reports a sum for depreciation.
- Building Mahdlo's reputation as a quality charity, worthy of support and investment.

This reserves policy will be reviewed by the Chief executive and the Board on an annual basis. It is the intention to increase reserve levels incrementally toward 6 months as the organisation's activity grows.

Investment Policy

With having relatively low unrestricted reserves and a variable income stream, funds built up in advance of expenditure need to be kept reasonably liquid however some funds may be retained and invested for future use. To ensure such investments are safeguarded:

- any decision about investments will be made by the Board (potentially having taken professional advice) considering the suitability and diversification of investments, including investments in deposit accounts, to ensure that the failure of one investment or institution does not have a major impact on Mahdlo;
- investments will be made in line with Mahdlo's values and ethos;
- investment performance will be regularly reviewed;
- records will be maintained of all investments held (including details of all those sold or purchased) by the charity; and
- accounting controls will be fully implemented to ensure that all dividends or interest payments due are received and accounted for.

Key Achievements in 2016/17

2016-17 has been a year of consolidation with the delivery of existing project targets, emphasis on staff training and the identification of new project funding.

The Mahdlo offer has grown considerably since the early days with membership now standing at 4806 and weekly attendances varying between 900 to 1300 visits. The membership profile has had a slight change over the year with us having increased the number of female members to 46% whilst the split between senior and junior membership remains the same with 51% of our members being senior.

Over the past two years we have developed a District offer which has been very successful in offering access to young people via delivery of activities and outreach services in Royton, Shaw, Sholver, Failsworth, Chadderton and Saddleworth. This provision is achieving an average of 240 young people accessing our activities each week and spokes membership having increased to 978. Other agencies have commented on the value of the scheme particularly in relation to reduction in ASB. Of particular importance are the increasing partnerships with local communities including Mosques, Madrassahs and other faith and non-denominational groups. New relationships have resulted in increased involvement in Girls Zone, Friday Seniors and Saturday Juniors. A successful project ran in Hathershaw involving young people from different communities bringing young people together using food and cooking as a mechanism to share cultures. In order to continue this work a reaching communities bid from the Big Lottery to the value of £430,000 has been made and has been successful with commencement of payment from October 2017.

The 'Get a Job' scheme continues to be successful with 130 young people having undertaken the programme and over 90% successfully gaining work or training offers. The ongoing work on Inclusion has seen growth in the number of young people with disabilities successfully attending Mahdlo regularly.

The Big Lottery funded TSN project enters its 5th year supporting focused cohesion projects. Mahdlo also became Oldham's hate crime reporting centre and a number of young people became Hate Crime Ambassadors visiting the House of Commons to "spread the word" and promoting cohesion among young people.

The Mentoring scheme has seen 50 young people accessing the provision with very positive personal testimony as to its impact. Counselling services offered through MIND have seen an increase in referrals and discussions are underway to develop this further. Since the end of the year our mentoring project has earned an Approved provider standard which is a highly regarded quality standard for mentoring and befriending.

The Duke of Edinburgh's Award scheme continues to go from strength to strength with young people undertaking D of E at all levels i.e. Bronze, Silver and Gold. Mahdlo has achieved the status of being a Duke of Edinburgh Awards Centre. Young people can also attain awards in accredited programmes such as the Bronze Arts awards, Sports Leaders Award and the John Muir award.

Our summer of excellence was based around sports activities and included visits from inspirational sports personalities, hosting a British weightlifting competition and ending with a trip to one of the UK's National Sports Centres for the country's leading sportsmen and women.

By ensuring the appropriate staffing resources are available, better planning and focus on improving the quality of activities we have seen both attendance and retention figures moving upward. The investment in staff training, restructuring and the introduction of a culture change programme PRIDE have also helped in achieving these improvements. This focus on delivery and planning are central to achieving successful outcomes for 2017-2018.

We have continued to develop our partnerships with direct benefits across our programmes including links with MIND, Brook, Cogs and the council supporting our Get Sorted offer

We have developed our business links with individual companies and the local business community who have provided tremendous support to our employability programmes and RBS funding has enabled us to extend the offer.

Community based work is strengthened by our links with the Interfaith forum who support our cohesion work.

Plans for future periods

As we enter year 2 of our 5 year strategic plan that will consolidate the role Mahdlo plays in the provision of first class youth services our focus continues to be on:

- Developing Excellence in the Arts, Sport and the Outdoors
- Developing the District and Ability group offer in scope and scale.
- Ensure Excellence across all offers to young people accessing Mahdlo in the Hub or the Districts
- Develop an approach to Health and Wellbeing which promotes health for all.
- Develop an approach to Innovation which promotes digital literacy amongst members both for recreation and potential work.

Looking to the future while membership has grown over the past four years the focus of the strategy is to ensure that the offer remains attractive to young people and that the level of retention is improved.

In order to achieve this delivery will focus on providing an excellent experience for young people who use Mahdlo. This will involve young people being at the heart of identifying needs and aspirations and working with staff and Board to continuously improve the quality and diversity of the Mahdlo offer.

To underpin the delivery of excellence a number of actions are outlined in the strategy. These include new quality measures, staff training and development, young peoples' participation and further development of IT and facilities.

The core offer will continue to be enhanced by a focus on Excellence and aspiration through new initiatives including an ongoing partnership with the Royal Northern College of Music, Oldham Coliseum an enhanced sports offer and partnerships with Salford University.

In 2018 -2019 Mahdlo will see further development through an internal refurbishment and the addition of an extension funded by our major donor that will future proof Mahdlo for many years to come.

Post balance sheet events

The trustees have authorised the building of an extension to the existing property to expand the charity's capacity to further its purposes. The estimated cost of the extension is approximately £1,249,000 excluding VAT and is to be financed through grant funding. The work is expected to commence during the first quarter of 2018.

Trustees' Responsibilities

The charity's Trustees are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the charity's Trustees to prepare financial statements for each financial year that give a true and fair view of the state of the charity's incoming resources and applications of resources during the year and of its state of affairs at the end of the year. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enables them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving this report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors and the auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Compliance with accounting standards

The Trustees confirm that the financial statements comply with current statutory requirements, the requirements of the Company's Memorandum and Articles of Association and the requirements of the Charities SORP (FRS102).

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies.

This report was approved by the Board of Directors at the Annual General Meeting on 31st October 2017 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'Terry Flanagan', with a large, sweeping flourish at the end.

Terry Flanagan

Chair of the Board

Mahdlo (Oldham Youth Zone)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHDLO (OLDHAM YOUTH ZONE)

We have audited the financial statements of Mahdlo (Oldham Youth Zone) for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report and take advantage of the small companies exemption from the requirement to prepare a strategic report..


David Ducle (Senior statutory auditor)

For and on behalf of
Wrigley Partington
Chartered Accountants and
Statutory Auditor

Date: 15th November 2017

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Mahdlo (Oldham Youth Zone)

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account) : YEAR ENDED 31 MARCH 2017

		2017			2016		
	Note	Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
INCOME							
Donations and legacies	2	756,828	-	756,828	712,643	-	712,643
Charitable activities:							
Delivery income	3	194,564	917,638	1,112,202	239,485	789,533	1,029,018
Other trading activities:							
Fundraising events	4	82,904	-	82,904	150,114	-	150,114
Investment income	5	1,524	-	1,524	2,070	-	2,070
Other income	6	2,057	-	2,057	622	-	622
Total incoming resources		1,037,877	917,638	1,955,515	1,104,934	789,533	1,894,467
EXPENDITURE							
Raising funds	7	76,150	-	76,150	79,664	-	79,664
Charitable activities:							
Youth projects and activities	7	917,835	1,014,522	1,932,357	859,969	878,389	1,738,358
Governance	7	32,756	-	32,756	34,963	-	34,963
Total expenditure	7	1,026,741	1,014,522	2,041,263	974,596	878,389	1,852,985
Net (outgoing) incoming resources before other recognised gains and losses		11,136	(96,884)	(85,748)	130,338	(88,856)	41,482
Other recognised gains and losses		-	-	-	-	-	-
Net movement in funds		11,136	(96,884)	(85,748)	130,338	(88,856)	41,482
Reconciliation of funds							
Total funds brought forward		453,041	4,147,547	4,600,588	322,703	4,236,403	4,559,106
Total funds carried forward	19	464,177	4,050,663	4,514,840	453,041	4,147,547	4,600,588

All incoming resources and resources expended are derived from continuing activities.

The accompanying notes are an integral part of this statement of financial activities.

Mahdlo (Oldham Youth Zone)

BALANCE SHEET : AS AT 31 MARCH 2017

	<i>Note</i>	2017 £	2016 £
FIXED ASSETS			
Tangible assets	12	4,057,892	4,157,856
Total fixed assets		<u>4,057,892</u>	<u>4,157,856</u>
CURRENT ASSETS			
Stock	13	1,423	1,421
Debtors	14	91,069	252,169
Cash at bank and in hand	15	545,602	402,928
Total current assets		<u>638,094</u>	<u>656,518</u>
LIABILITIES:			
Creditors falling due within one year	16	181,146	213,786
Net current assets		<u>456,948</u>	<u>442,732</u>
Net assets	20	<u><u>4,514,840</u></u>	<u><u>4,600,588</u></u>
THE FUNDS OF THE CHARITY			
<i>Restricted income funds</i>	19	4,050,663	4,147,547
Unrestricted funds	19	464,177	453,041
Total charity funds	19	<u><u>4,514,840</u></u>	<u><u>4,600,588</u></u>

These accounts have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The accounts were approved by the board on 31st October 2017 and signed on its behalf by

C. O'Hare Trustee/Director
C O'Hare

Registration number 06946098

The accompanying notes are an integral part of this balance sheet.

Mahdlo (Oldham Youth Zone)

STATEMENT OF CASH FLOWS : YEAR ENDED 31 MARCH 2017

	<i>Note</i>	2017 £	2016 £
Cash used in operating activities	24	<u>149,609</u>	<u>193,948</u>
Cash flows from investing activities			
Interest income		1,524	2,070
Purchase of tangible fixed assets		(8,459)	(13,266)
Cash provided by (used in) investing activities		<u>(6,935)</u>	<u>(11,196)</u>
Increase/(decrease) in cash and cash equivalents in the year		142,674	182,752
Cash and cash equivalents at the beginning of the year		402,928	220,176
Total cash and cash equivalents at the end of the year		<u>545,602</u>	<u>402,928</u>

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Mahdlo (Oldham Youth Zone) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102), the restatement of comparative items was required. No restatements were required other than those relating to disclosure of operating lease commitments in note 17. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 26.

c) Company status

The charity is a company limited by guarantee. The members of the company are drawn from throughout Oldham's civic, business, education and training, and voluntary sector communities. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The charity was incorporated in England and the address of its registered office is Egerton Street, Oldham, OL1 3SE.

d) Income recognition policies

Items of income are recognised and included in the accounts when the charity is legally entitled to the income, any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity, there is sufficient certainty that receipt of the income is considered probable and the amount can be measured reliably. The following specific policies apply to categories of income:

Grants for core funding, which do not impose performance related conditions, are recognised when received. Grants towards specific project costs are recognised based on the performance model, as the project is delivered.

Income relating to contracts is deferred where the services have only been partially performed at the year end.

Investment income is recognised on a receivable basis.

e) Donated services and facilities

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of the economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Pensions

The charity operates a defined contribution pension scheme. The annual contributions payable are charged to the SOFA in the year to which they relate. The assets of the scheme are held independently from those of the Charity.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

1 Accounting policies continued

g) Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis (eg. number of employees or estimated usage). Expenditure is classified under the following activity headings:

- Costs of raising funds are those costs incurred in trading activities that raise funds.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services, and include both the direct costs and support costs relating to these activities.
- Governance costs, which are included within charitable activities, include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

h) Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

i) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

j) Tangible fixed assets and depreciation

Individual fixed assets costing £500 or more are capitalised at cost and depreciated over their useful economic lives as follows:

Long leasehold property	2% Straight line
Property building works	10% Straight line
Club equipment	33.3% Straight line
Office and electrical equipment	33.3% Straight line
Furniture and fittings	33.3% Straight line
Motor vehicles	25% Straight line

k) Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the trustees/directors in furtherance of the general objectives of the Charity and that have not been designated for other purposes.

Restricted funds are funds subject to restrictions imposed by the donor or by the specific terms of the appeal under which the funds are raised.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the trustees/directors for particular purposes.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

1 Accounting policies continued

l) Taxation

The company is a registered charity and as such is entitled to the exemption from tax to the extent that the income received falls within section 505 ICTA 1988 and section 256 CGTA 1992 and is applied to charitable purposes only.

m) Holiday pay

The holiday year end does not coincide with the financial year end and consequently, provision is made in the accounts for holidays accrued but not taken as at the end of the financial year.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

o) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Assessment of going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern and the accounts have been drawn up on the going concern basis which assumes that the charity will continue in operation for the foreseeable future.

r) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Mahdlo (Oldham Youth Zone)

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

	Unrestricted 2017 £	Restricted 2017 £	Total 2017 £	Total 2016 £
2 <u>Income from donations and legacies</u>				
Patrons programme and donations	339,932	-	339,932	303,540
Gift Aid recoverable	16,896	-	16,896	9,103
Local authority grants	400,000	-	400,000	400,000
	<u>756,828</u>	<u>-</u>	<u>756,828</u>	<u>712,643</u>
3 <u>Income from charitable activities</u>				
<i>Delivery income:</i>				
Performance related grants	-	917,638	917,638	789,533
Service level agreements	43,394	-	43,394	76,012
Café and refreshments	59,605	-	59,605	64,844
Facility hire	25,210	-	25,210	22,318
Membership, fees and sale of goods	66,355	-	66,355	76,311
	<u>194,564</u>	<u>917,638</u>	<u>1,112,202</u>	<u>1,029,018</u>
4 <u>Income from other trading activities</u>				
Fundraising events	82,904	-	82,904	150,114
	<u>82,904</u>	<u>-</u>	<u>82,904</u>	<u>150,114</u>
5 <u>Investment income</u>				
Bank deposit interest	1,524	-	1,524	2,070
	<u>1,524</u>	<u>-</u>	<u>1,524</u>	<u>2,070</u>
6 <u>Other income</u>				
Other income	2,057	-	2,057	622
	<u>2,057</u>	<u>-</u>	<u>2,057</u>	<u>622</u>

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

7 Expenditure

	Charitable activities			Total 2017 £	Total 2016 £
	Raising funds	Youth projects and activities	Governance		
	£	£	£		
Costs directly allocated to activities					
Staff costs	47,591	992,814	-	1,040,405	986,345
Contract workers	-	-	-	-	-
Recruitment and employee costs	-	18,142	-	18,142	15,746
Rent and property costs	-	142,177	-	142,177	128,558
Stationery and administration	-	15,505	-	15,505	10,877
Printing, promotions, advertising and publicity	9,032	8,553	-	17,585	9,100
Telephone, data communication and computer	-	29,390	-	29,390	19,649
Professional services	-	59,400	-	59,400	45,510
Depreciation	-	97,580	-	97,580	94,922
Project delivery costs	-	335,612	-	335,612	291,583
Catering	-	47,738	-	47,738	48,724
Bad debts	-	-	-	-	4,937
Fundraising	19,527	-	-	19,527	31,066
	76,150	1,746,911	-	1,823,061	1,687,017
Support costs					
Staff costs	-	114,433	18,356	132,789	101,183
Recruitment and employee costs	-	4,536	-	4,536	3,936
Rent and property costs	-	15,798	-	15,798	14,283
Stationery and administration	-	1,723	-	1,723	1,209
Telephone, data communication and computer	-	9,797	-	9,797	6,550
Professional services	-	25,300	6,600	31,900	17,153
Audit	-	-	7,800	7,800	7,800
Depreciation	-	10,842	-	10,842	10,547
Bank charges	-	3,017	-	3,017	3,307
	-	185,446	32,756	218,202	165,968
Total expenditure	76,150	1,932,357	32,756	2,041,263	1,852,985

Support costs have been apportioned using numbers of people per area of activity, or on a basis which is considered consistent with the use of the resources.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

8 Staff costs

Total staff emoluments for the year were as follows:

	Total 2017 £	Total 2016 £
Salaries	1,090,660	1,005,547
National Insurance	67,986	67,605
Pension	14,548	14,376
	<u>1,173,194</u>	<u>1,087,528</u>

9 Staff numbers

The average monthly head count was 94 staff (2016: 80) and the average monthly number of full-time equivalent employees during the year were as follows:

	2017 Number	2016 Number
Charitable activities	42	39
Generating funds	2	2
Administration and support	8	7
Governance	1	1
	<u>53</u>	<u>49</u>

No trustees were paid or reimbursed expenses during the year.

The company considers its key management personnel to comprise the trustees and the chief executive officer. The total employment benefits including employer pension contributions of the key management personnel were nil (2016: nil). However, the company paid a total of £66,000 during the year (2016: £51,000) to MDC Mike Doran Consult Ltd for the services of the chief executive officer. Subject to that, no employees had employee benefits in excess of £60,000 (2016: none).

10 Net movement in funds

	Total 2017 £	Total 2016 £
Net movement in funds is arrived at after charging /(crediting):		
Depreciation of tangible fixed assets		
- restricted	103,747	99,685
- unrestricted	4,675	5,784
Auditors remuneration:		
Audit of the financial statements	7,800	7,800
Operating lease rentals - Office equipment	2,394	2,280

11 Taxation

The company is a registered charity and no provision for taxation is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

12 Tangible fixed assets

	Long leasehold property	Property building works	Club Equipment	Office & electrical Equipment	Furniture & fittings	Motor vehicles	Total
Cost							
At 1 April 2016	4,199,655	28,915	20,140	13,658	3,072	25,444	4,290,884
Additions	-	-	6,864	1,595	-	-	8,459
Disposals	-	-	-	-	-	-	-
At 31 March 2017	<u>4,199,655</u>	<u>28,915</u>	<u>27,004</u>	<u>15,253</u>	<u>3,072</u>	<u>25,444</u>	<u>4,299,343</u>
Depreciation							
At 1 April 2016	83,993	7,368	10,654	9,932	2,528	18,553	133,028
Charge for the period	83,993	6,666	7,621	3,238	544	6,361	108,423
Disposals	-	-	-	-	-	-	-
At 31 March 2017	<u>167,986</u>	<u>14,034</u>	<u>18,275</u>	<u>13,170</u>	<u>3,072</u>	<u>24,914</u>	<u>241,451</u>
Net Book Value							
At 31 March 2017	<u>4,031,669</u>	<u>14,881</u>	<u>8,729</u>	<u>2,083</u>	<u>-</u>	<u>530</u>	<u>4,057,892</u>
At 31 March 2016	<u>4,115,662</u>	<u>21,547</u>	<u>9,486</u>	<u>3,726</u>	<u>544</u>	<u>6,891</u>	<u>4,157,856</u>

13 Stock

Café and kitchen stock

2017 £	2016 £
<u>1,423</u>	<u>1,421</u>

Mahdlo (Oldham Youth Zone)

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
14 Debtors		
Trade debtors	61,111	50,744
Prepayments	29,893	25,259
Accrued income	65	176,166
	<u>91,069</u>	<u>252,169</u>
15 Cash at bank and in hand		
Cash at bank	540,322	402,512
Cash in hand	5,280	416
	<u>545,602</u>	<u>402,928</u>
16 Creditors : amounts falling due within one year		
Trade creditors	40,170	72,946
Accruals	100,151	74,419
Deferred income	40,825	66,421
	<u>181,146</u>	<u>213,786</u>
Movements on deferred income account:		
Brought forward	66,421	69,267
Released	(57,875)	(69,267)
Income deferred in current year	32,279	66,421
	<u>40,825</u>	<u>66,421</u>
17 Operating lease commitments	2017 £	2016 (restated) £
The total future minimum lease payments under non-cancellable operating leases are as follows:		
Office equipment leases which expire:		
within one year	-	-
between two and five years	11,790	10,260
in over five years	-	-
	<u>11,790</u>	<u>10,260</u>
18 Share capital		

The company has no share capital, and the liability of members is limited by guarantee to £1 per member.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017**19 Analysis of charitable funds****Analysis of fund movements:**

	At 1 April 2016 £	Incoming resources £	Resources expended £	Gains (losses) £	At 31 March 2017 £
Unrestricted funds:					
General fund	453,041	1,037,877	(1,026,741)	-	464,177
Restricted funds:					
Acquisition of property at Egerton Street, Oldham	4,115,662	-	(83,993)	-	4,031,669
Other fixed asset purchases	31,885	6,864	(19,755)	-	18,994
Grant for feasibility study	-	4,470	(4,470)	-	-
Grants for project delivery	-	906,304	(906,304)	-	-
Total restricted funds	4,147,547	917,638	(1,014,522)	-	4,050,663
Total funds	4,600,588	1,955,515	(2,041,263)	-	4,514,840

20 Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	7,229	-	4,050,663	4,057,892
Current assets	597,269	-	40,825	638,094
Current liabilities	(140,321)	-	(40,825)	(181,146)
Net assets 31 March 2017	464,177	-	4,050,663	4,514,840

21 Contingent liabilities

There is a contingent liability in connection with a grant relating to the charity's long leasehold property whereby if, during a period of 20 years from the date of the grant offer letter dated 26 February 2009, the charity shall be in breach of any of the grant conditions, the grant shall be repayable upon receipt of a written demand from The Secretary of State for Education. The amount of the grant was £4,994,577 and The Secretary of State for Education holds a legal charge over the charity's long leasehold property in respect of this potential liability.

22 Pension fund

The company operates a defined contribution pension scheme to which there is no commitment, the assets of which are held in a separately administered fund. Contributions to the pension scheme during the year amounted to £14,548 (2016: £14,376).

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

23 Related party transactions

During the year the charity received the following income from related parties without conditions:

	Donations Patrons programme & donations £	Charitable activities Facility hire £	Other trading activities Fundraising £	Total £
Mr & Mrs T Flanagan			3,130	3,130
Greengate Metal Components Ltd	25,000		2,410	27,410
Commando Joes			85	85
J W Lees & Co (Brewers) Ltd	25,000		2,006	27,006
The Barker Foundation	25,000		2,878	27,878
North Ainley Solicitors			959	959
MDC Mike Doran Consult Ltd			97	97
Bedspace Ltd			1,295	1,295
Mr A Spencer			196	196
PSO Trading Ltd		448		448
	<u>75,000</u>	<u>448</u>	<u>13,056</u>	<u>88,504</u>

Also during the year the charity purchased goods and services from the following related parties:

Commando Joes Ltd	£40,000
J W Lees & Co (Brewers) Ltd	£3,040
MDC Mike Doran Consult Ltd	£66,000
PSO Trading Ltd	£19,459
	<u>£128,499</u>

At 31 March 2017 the following unsecured amounts were owing to/from related parties:

J W Lees & Co (Brewers) Ltd	£687 Creditor
PSO Trading Ltd	£3,388 Creditor
MDC Mike Doran Consult Ltd	£5,403 Creditor

Mr T Flanagan is a trustee/director of the charity and a director of Commando Joes Ltd.

Mr L Walsh, a trustee/director of the charity, is a director and shareholder of Greengate Metal Components Ltd.

Mr W Lees-Jones, a trustee/director of the charity, is a director and shareholder of J W Lees & Co (Brewers) Ltd.

Mrs J M Barker, a trustee/director of the charity, is a trustee of The Barker Foundation.

Mr J Ainley, a trustee/director of the charity is a partner in North Ainley Solicitors.

Ms S Bolshaw, a trustee/director of the charity is a director of PSO Trading Ltd.

Mr M Doran, the chief executive of the charity, is the director and shareholder of MDC Mike Doran Consult Ltd.

Mr C Wareing is a trustee/director of the charity and a director of Bedspace Ltd.

Mr A Spencer is a trustee/director of the charity.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

24 Reconciliation of net movement in funds to net cash flow from operating activities

	2017	2016
	£	£
Net movement in funds	(85,748)	41,482
Add back depreciation charge	108,423	105,469
Deduct interest income shown in investing activities	(1,524)	(2,070)
Decrease/(increase) in stock	(2)	(469)
Decrease/(increase) in debtors	161,100	60,545
Increase/(decrease) in creditors	(32,640)	(11,009)
	<u>149,609</u>	<u>193,948</u>

25 Events after the end of the reporting period

The trustees have authorised the building of an extension to the existing property to expand the charity's capacity to further its purposes. The estimated cost of the extension is approximately £1,249,000 excluding VAT and it is to be financed through grant funding. The work is expected to commence during the first quarter of 2018.

26 Transition to FRS 102

These are the first financial statements that comply with FRS 102. The charity transitioned to FRS 102 on 1 April 2015.

Reconciliation of equity

No transitional adjustments were required.

Reconciliation of profit or loss for the year

No transitional adjustments were required.